

110TH CONGRESS  
1ST SESSION

# H. R. 1243

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2007

Mr. JEFFERSON (for himself, Mr. MELANCON, and Mr. TAYLOR) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committees on Transportation and Infrastructure and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Gulf Coast Back to  
5       Business Act of 2007”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

1           (1) 43 percent of businesses that close following  
2           a natural disaster never reopen;

3           (2) an additional 29 percent of businesses close  
4           down permanently within 2 years of a natural dis-  
5           aster;

6           (3) Hurricane Katrina struck the Gulf Coast of  
7           the United States on August 29, 2005, negatively  
8           impacting small business concerns and disrupting  
9           commerce in the States of Louisiana, Mississippi,  
10          and Alabama;

11          (4) Hurricane Rita struck the Gulf Coast of the  
12          United States on September 24, 2005, negatively  
13          impacting small business concerns and disrupting  
14          commerce in the States of Texas and Louisiana;

15          (5) according to the United States Chamber of  
16          Commerce, more than 125,000 small- and medium-  
17          sized businesses in the Gulf Coast were disrupted by  
18          Hurricane Katrina or Hurricane Rita;

19          (6) due to a slow initial Federal response and  
20          the widespread devastation in the affected States,  
21          businesses impacted by Hurricane Katrina are in  
22          dire need of increased access to capital and technical  
23          assistance to recover and prosper; and

1           (7) without the full recovery and prosperity of  
2           affected businesses, the Gulf Coast and the rest of  
3           the United States will be negatively impacted.

4 **SEC. 3. DEFINITIONS.**

5           In this Act—

6           (1) the term “Disaster Area” means an area in  
7           which the President has declared a major disaster in  
8           response to Hurricane Katrina of 2005 or Hurricane  
9           Rita of 2005;

10          (2) the term “major disaster” has the meaning  
11          given that term in section 102 of the Robert T.  
12          Stafford Disaster Relief and Emergency Assistance  
13          Act (42 U.S.C. 5122); and

14          (3) the term “small business concern” has the  
15          meaning given that term in section 3 of the Small  
16          Business Act (15 U.S.C. 632).

17 **SEC. 4. SMALL BUSINESS CONCERN RECOVERY GRANTS.**

18          (a) IN GENERAL.—There are authorized to be appro-  
19          priated to the Secretary of Commerce \$100,000,000 for  
20          the Economic Development Administration of the Depart-  
21          ment of Commerce to make grants to the appropriate  
22          State government agencies in Louisiana and Mississippi,  
23          to carry out this section.

24          (b) DISBURSEMENT OF FUNDS.—

1           (1) IN GENERAL.—Subject to paragraph (2),  
2           the Secretary of Commerce shall disburse the funds  
3           authorized under subsection (a) as follows:

4                   (A) \$75,000,000 to the State of Louisiana.

5                   (B) \$25,000,000 to the State of Mis-  
6           sissippi.

7           (2) PROPORTIONATE ALLOCATION.—Regardless  
8           of the amount appropriated under subsection (a),  
9           the amount appropriated shall be allocated among  
10          the States listed in paragraph (1) of this subsection  
11          in direct proportion to the allocation under that  
12          paragraph.

13          (c) USE OF FUNDS.—

14               (1) IN GENERAL.—Grants awarded to a State  
15               under subsection (a) shall be used by the State to  
16               provide grants, which may be made to any small  
17               business concern located in a Disaster Area that was  
18               negatively impacted by Hurricane Katrina of 2005  
19               or Hurricane Rita of 2005, to assist such small busi-  
20               ness concern for the purposes of—

21                   (A) paying employees;

22                   (B) paying bills, insurance costs, and other  
23               existing financial obligations;

24                   (C) making repairs;

25                   (D) purchasing inventory;

1 (E) restarting or operating that business  
2 in the community in which it was conducting  
3 operations prior to Hurricane Katrina of 2005  
4 or Hurricane Rita of 2005, or to a neighboring  
5 area or county or parish in a Disaster Area;

6 (F) compensating such small business con-  
7 cerns for direct economic injury suffered as a  
8 result of Hurricane Katrina of 2005 or Hurri-  
9 cane Rita of 2005; or

10 (G) covering additional costs until that  
11 small business concern is able to obtain funding  
12 through insurance claims, Federal assistance  
13 programs, or other sources.

14 (2) CRITERIA.—

15 (A) IN GENERAL.—Notwithstanding any  
16 other provision of law, in making grants under  
17 paragraph (1), a State may use such criteria as  
18 the State determines appropriate, and shall not  
19 be required to apply eligibility criteria for pro-  
20 grams administered by the Federal Govern-  
21 ment, including the Department of Commerce.

22 (B) EXCLUSION.—In making grants under  
23 paragraph (1), a State may not exclude a small  
24 business concern based on any increase in the  
25 revenue of that small business concern during

1 the 12-month period beginning on October 1,  
2 2005.

3 (3) ADMINISTRATIVE EXPENSES.—The Depart-  
4 ment of Commerce may use not more than  
5 \$1,500,000 of the funds authorized under subsection  
6 (a) to administer the provision of grants to the des-  
7 ignated States under this subsection.

8 **SEC. 5. DISASTER LOANS AFTER HURRICANE KATRINA OR**  
9 **HURRICANE RITA.**

10 (a) IN GENERAL.—Section 7(b) of the Small Busi-  
11 ness Act (15 U.S.C. 636(b)) is amended by inserting im-  
12 mediately after paragraph (3) the following:

13 “(4) DISASTER LOANS AFTER HURRICANE  
14 KATRINA OR HURRICANE RITA IN A DISASTER  
15 AREA.—

16 “(A) DEFINITIONS.—In this paragraph—

17 “(I) the term ‘Disaster Area’ means  
18 an area in which the President has de-  
19 clared a major disaster in response to Hur-  
20 ricane Katrina of 2005 or Hurricane Rita  
21 of 2005; and

22 “(ii) the term ‘qualified borrower’  
23 means a person to whom the Administrator  
24 made a loan under this section because of

1 Hurricane Katrina of 2005 or Hurricane  
2 Rita of 2005.

3 “(B) DEFERMENT OF DISASTER LOAN  
4 PAYMENTS.—

5 “(i) IN GENERAL.—Notwithstanding  
6 any other provision of law, payments of  
7 principal and interest on a loan to a quali-  
8 fied borrower made before December 31,  
9 2006, shall be deferred, and no interest  
10 shall accrue with respect to such loan, dur-  
11 ing the time period described in clause (ii).

12 “(ii) TIME PERIOD.—The time period  
13 for purposes of clause (i) shall be 1 year  
14 from the later of the date of enactment of  
15 this paragraph or the date on which funds  
16 are distributed under a loan described in  
17 clause (i), but may be extended to 2 years  
18 from such date, at the discretion of the  
19 Administrator.

20 “(iii) RESUMPTION OF PAYMENTS.—  
21 At the end of the time period described in  
22 clause (ii), the payment of periodic install-  
23 ments of principal and interest shall be re-  
24 quired with respect to such loan, in the  
25 same manner and subject to the same

1 terms and conditions as would otherwise be  
 2 applicable to any other loan made under  
 3 this subsection.”.

4 (b) INCREASING COLLATERAL REQUIREMENTS.—

5 (1) IN GENERAL.—Notwithstanding any other  
 6 provision of law, including section 7(c)(6) of the  
 7 Small Business Act (15 U.S.C. 636(c)(6)), the Ad-  
 8 ministrator may not require collateral for any cov-  
 9 ered loan made by the Administrator.

10 (2) DEFINITION.—In this subsection, the term  
 11 “covered loan” means a loan in an amount of not  
 12 more than \$35,000 made—

13 (A) under section 7(b)(1) of the Small  
 14 Business Act (15 U.S.C. 636(b)(1));

15 (B) as a result of Hurricane Katrina of  
 16 2005 or Hurricane Rita of 2005; and

17 (C) after the date of enactment of this Act.

18 **SEC. 6. OTHER PROGRAMS.**

19 (a) HUBZONES.—Section 3(p) of the Small Business  
 20 Act (15 U.S.C. 632(p)) is amended—

21 (1) in paragraph (1)—

22 (A) in subparagraph (D), by striking “or”;

23 (B) in subparagraph (E), by striking the  
 24 period at the end and inserting “; or”; and

25 (C) by adding at the end the following:



1           “(F) an area in which the President has  
2           declared a major disaster (as that term is de-  
3           fined in section 102 of the Robert T. Stafford  
4           Disaster Relief and Emergency Assistance Act  
5           (42 U.S.C. 5122)) as a result of Hurricane  
6           Katrina of August 2005 or Hurricane Rita of  
7           September 2005, during the time period de-  
8           scribed in paragraph (8).”; and

9           (2) by adding at the end the following:

10          “(8) TIME PERIOD.—The time period for the  
11          purposes of paragraph (1)(F)—

12               “(A) shall be the 2-year period beginning  
13               on the later of the date of enactment of this  
14               paragraph and August 29, 2007; and

15               “(B) may, at the discretion of the Admin-  
16               istrator, be extended to be the 3-year period be-  
17               ginning on the later of the date of enactment  
18               of this paragraph and August 29, 2007.”.

19          (b) RELIEF FROM TEST PROGRAM.—Section 711(d)  
20          of the Small Business Competitive Demonstration Pro-  
21          gram Act of 1988 (15 U.S.C. 644 note) is amended—

22               (1) by striking “The Program” and inserting  
23               the following:

24               “(1) IN GENERAL.—Except as provided in para-  
25               graph (2), the Program”; and

1 (2) by adding at the end the following:

2 “(2) EXCEPTION.—

3 “(A) IN GENERAL.—The Program shall  
4 not apply to any contract related to relief or re-  
5 construction from Hurricane Katrina of 2005  
6 or Hurricane Rita of 2005 during the time pe-  
7 riod described in subparagraph (B).

8 “(B) TIME PERIOD.—The time period for  
9 the purposes of subparagraph (A)—

10 “(I) shall be the 2-year period begin-  
11 ning on the later of the date of enactment  
12 of this paragraph and August 29, 2007;  
13 and

14 “(ii) may, at the discretion of the Ad-  
15 ministrator, be extended to be the 3-year  
16 period beginning on the later of the date of  
17 enactment of this paragraph and August  
18 29, 2007.”.

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